

**REMARKS**

Applicant respectfully requests reconsideration of the present application in view of the foregoing amendments and in view of the reasons that follow.

**Status of Claims:**

Claims 1, 2, 4-7, 9, and 18-19 are amended.

Claim 20 was previously added as a new claim in the preliminary amendment filed on May 9, 2001. Claim 21 was previously added as a new claim in the amendment filed on March 30, 2006. Neither claim 20 nor claim 21 was addressed in the office action dated June 14, 2006. Both claims 20 and 21 are included in the listing of claims section as “previously presented”.

Therefore, claims 1-21 are presented for examination.

**35 U.S.C. 112 Rejections:**

The Examiner rejected claim 1 under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. In addition, the Examiner objected to the amendment filed on March 30, 2006, under 35 U.S.C. 132(a) for introducing new matter into the disclosure.

The above referenced rejection and objection are respectfully traversed.

As amended, claim 1 now discloses a system with the feature of “wherein the record medium device comprises a content portion storing content encrypted and a controlling portion controlling at least one of the recording or the reproducing of the content through at least one of the methods of confirming an encryption code or checking whether a predetermined time has elapsed, wherein the content storing portion interfaces with the rental business server or the reproducing device through a first data interface, and the controlling portion interfaces with the rental business server or the reproducing device through a second data interface different from the first data interface.” These elements are fully supported by the original disclosure.

For example, Fig. 16 illustrates a RHDD (removable magnetic disk device) 17e, which is one embodiment of a record medium device. (See Fig. 17; and, page 11, lines 16-19.) As shown on Fig. 16, the record medium device 17e comprises a content storing portion 101 and a controlling portion 102. The controlling portion 102 controls the encryption and decryption of content data through an encryption code. (See page 18, lines 15-28.) Further, as illustrated in Fig. 16, some embodiments of the record medium 17e comprise a capacitor 105. After a predetermined time, as the charge in the capacitor 17e dissipates, the encryption key is lost, making the reproduction of content impossible. (See page 20, lines 26-28.) Hence, the controlling portion 102 also can control the reproduction of the content based on the elapsed time.

Furthermore, as illustrated in Figs. 16-17, the content storing portion 101 interfaces with the medium reading and writing portion 111 of the server 121 to record data, and interfaces with the medium reading and writing portion 111 of the reproducing device 122 to reproduce data. Also in Figs. 16-17, the controlling portion 102 interfaces through an external interface 103 with the server side controlling portion 112 of the server 121 or the reproducing device side controlling portion 114 of the reproducing device 122.

Since the specification and figures disclose all elements claimed in the amended claim 1, it is submitted that claim 1 is fully supported by the original specification and therefore complies with 35 U.S.C. 112 and 35 U.S.C. 132(a).

**35 U.S.C. 103 Rejections:**

Claims 1-8 are rejected under 35 U.S.C. 103(a) as being unpatentable over by Allen (U.S. Patent No. 5,909,638) in view of Phillipo et al (U.S. Pub. No. 2005/0246284 A1). Claims 9-19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Allen in view of Candelore (U.S. Pub. No. 2004/0151314).

The above referenced rejections are respectfully traversed.

As amended, claim 1 recites a content rental system with features such as a content producer, a rental business server for recording contents onto a record medium device, and a

reproducing device, wherein the record medium device comprises a content storing portion for storing content and a controlling portion for controlling the recording or reproducing the stored content through encryption or through a time limit. Further, the controlling portion and the content storing portion have separate interfaces with the rental business server or reproducing device. Neither Allen nor Phillip, alone or in combination, disclose or suggest a content rental system as claimed in claim 1.

Allen describes a video content distribution system which utilizes traditional types of mediums, such as VHS tapes, 8mm videotape, or DVD disks. (Allen, col. 5, ll. 47-54.) The use of a record medium device comprising a controlling portion as recited in claim 1 is neither expressly nor inherently described by Allen.

Phillip describes an encryption system where an encrypted copy of a software application on a hard-drive is controlled by an encryption key. However, Phillip does not teach a separate content storing portion and a controlling portion, as both the encrypted content and the license management system are presumably software stored on the same hard disk drive. (See Phillip, paragraph 15.) Furthermore, Phillip does not teach the content storing portion and the controlling portion having separate interfaces to the server or reproducing device.

By contrast, the amended claim 1 teaches that “the content storing portion interfaces with the rental business server or the reproducing device through a first data interface, and the controlling portion interfaces with the rental business server or the reproducing device through a second data interface different from the first data interface.” This element is illustrated in Figs. 16-17 of the present application, where the content storing portion 101 interfaces with the medium reading and writing portion 111 of the server 121 to record data, and interfaces with the medium reading and writing portion 111 of the reproducing device 122 to reproduce data; the controlling portion 102 interfaces through an external interface 103 with the server side controlling portion 112 of the server 121 or the reproducing device side controlling portion 114 of the reproducing device 122.

In light of the reasons stated above, it is thus submitted that the PTO has not made out a *prima facie* case of obviousness under the provisions of 35 U.S.C. 103. Hence, it is submitted that claim 1 and its dependent claims are patentable.

As per claims 2-3, the Examiner states in paragraph 8-9 of the office action that Allen teaches a contents rental system wherein an advertisement picture is reproduced by the reproduction device disposed on the premise of the customer. The Examiner refers to Fig. 1 and col. 21 lines 10-25 of Allen for support of this feature. Allen does not teach the feature of reproducing an advertisement on the premise of the customer. The above-referenced portions of Allen teach a movie kiosk displaying advertisements while in idle mode. (See Allen, col. 21, lines 10-25.) As stated in the amendment filed on March 30, 2006, the "movie kiosk" is a rental server device located on the premise of the store, not on the premise of the customer. According to Allen, the customer sees these advertisements while accessing the kiosks. There is no teaching in Allen that the advertisements are reproduced on the premise of the customer. Therefore, it is submitted that claims 2-3 are allowable for this reason in addition to the reasons stated above for claim 1.

As per claims 4-5 and 8, the Examiner states in paragraphs 10-11 and 14 of the office action that Allen teaches a record medium comprising a capacitor charged by the business server. After a careful review of Allen, especially the sections referenced by the Examiner (figs. 17-20, col. 5 lines 34-62, 6 lines 3-28, 7 lines 45-col. 8 line 34, 9 lines 5-10, line 30, 11 lines 15-12, line 37, 21 lines 10-42, 23 lines 34-24, line 43), no reference is found in Allen describing a capacitor charged by the business server. As discussed on pages 9-10 of the amendment filed on March 30, 2006, the element of a capacitor serves an important function. Therefore, it is submitted that claims 4-5 and 8 are allowable for this reason in addition to the reasons stated above for claim 1.

As per claims 6-7, the Examiner states in paragraphs 12-13 of the office action that Allen teaches a timer for causing the control algorithm stored in the memory of the record medium device to be erased after a predetermined time period elapses. After a careful review of Allen, especially the portions referenced by the examiner, no reference is found in Allen describing this element. As discussed on page 10 of the amendment filed on March 30, 2006,

the element of a timer serves an important function. Therefore, it is submitted that claims 6-7 are allowable for this reason in addition to the reasons stated above for claim 1.

Claim 9 recites a content rental system in which among other features, a rental business server, disposed in a store, downloads encrypted content onto a record medium device, where the content is encrypted using data stored on an IC card electrically connected to the rental business server while in the store; and, a reproducing device, disposed in a house of a customer, is able to decrypt the content on the record medium using data stored on the same IC card when that same IC card is electrically connected to the reproducing device. In the content rental system of claim 9, the same IC card is used to encrypt data when electrically connected to the rental business server in the store as is used to decrypt data when electrically connected to the reproducing device in the premise of the customer. To emphasize this feature, claim 9 is amended to recite that “the content on the record medium device is encrypted based on data stored on the IC card electrically connected to said rental business server with the IC card in the store” and that “the reproducing device decrypts the content using the data stored on said same IC card electrically connected to said reproducing device with the IC card on the premise of the customer.” Neither Allen nor Candelore, alone or in combination, disclose or suggest a content rental system as claims in claim 9.

Allen describes a video content distribution system which utilizes traditional types of mediums, such as VHS tapes, 8mm videotape, or DVD disks. (Allen, col. 5, ll. 47-54.) The use of an IC card as claimed in claim 9 is neither expressly nor inherently described by Allen.

As discussed in the amendment filed on March 30, 2006, the applicant appreciates that Candelore teaches the use of a smart card capable of encryption and decryption. (See Candelore, paragraphs 38-39). However, Candelore does not teach or suggest a system in which the IC card is used at a store to download encrypted content onto a record medium device (with the IC card in the store), and the same IC card is used at a customer’s premise to decrypt the content (with the IC card on the premise of the customer).

As the Examiner points out in paragraph 27 of the office action, Candelore discloses a system in which a smart card 410 is used in conjunction with a smart card interface 420 to

descramble program content. (Candelore, paragraph 0040-0041.) However, there is no teaching of encrypting the program content using the same smart card (IC card) while the smart card is connected to a server in a store. Further, the system disclosed in Candelore teaches away from that. The Candelore system is a set-top box system where customers descramble program content using the decryption key stored on a smart card. (Candelore, paragraphs 0038-0041.) Typically, in a broadcast system such as the one disclosed in Candelore, the program content is encrypted using keys stored on the server, not on the IC card. As the Examiner pointed out, the program content may be scrambled using control words in addition to the keys stored on the IC card, illustrating that the encryption does not occur with the IC card electrically connected to the rental business server while on the premise of the store. Therefore, it is clear that Candelore does not teach a rental system in which the same IC card is used to encrypt the data in a store and decrypt the data on the premise of the customer.

In light of the reasons stated above, it is thus submitted that the PTO has not made out a *prima facie* case of obviousness under the provisions of 35 U.S.C. 103. Hence, it is submitted that claim 9 and its dependent claims 10-19 are patentable.

Claim 20 is believed to be allowable for at least the same reasons as those stated above for claims 1 and 7. Claim 21 is believed to be allowable for at least the same reasons as those stated above for claim 9.

**Conclusion:**

Applicant believes that the present application is now in condition for allowance. Favorable reconsideration of the application as amended is respectfully requested.

The Examiner is invited to contact the undersigned by telephone if it is felt that a telephone interview would advance the prosecution of the present application.

The Commissioner is hereby authorized to charge any additional fees which may be required regarding this application under 37 C.F.R. §§ 1.16-1.17, or credit any overpayment, to Deposit Account No. 19-0741. Should no proper payment be enclosed herewith, as by a check or credit card payment form being in the wrong amount, unsigned, post-dated, otherwise improper or informal or even entirely missing, the Commissioner is authorized to charge the unpaid amount to Deposit Account No. 19-0741. If any extensions of time are needed for timely acceptance of papers submitted herewith, Applicant hereby petitions for such extension under 37 C.F.R. §1.136 and authorizes payment of any such extensions fees to Deposit Account No. 19-0741.

Respectfully submitted,

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FOLEY & LARDNER LLP  
Customer Number: 22428  
Telephone: (202) 672-5407  
Facsimile: (202) 672-5399

By David A. Blumenthal Reg. No. 56,252  
for /

David A. Blumenthal  
Attorney for Applicant  
Registration No. 26,257